

Message Text

UNCLASSIFIED

PAGE 01 BAGHDA 00210 121241Z

43

ACTION NEA-05

INFO OCT-01 ISO-00 EB-05 DRC-01 RSC-01 /013 W
----- 056537

P 101000Z APR 74

FM USINT BAGHDAD

TO SECSTATE WASHDC PRIORITY 890

USDOC WASHDC

AMEMBASSY BEIRUT

UNCLAS BAGHDAD 0210

BEIRUT FOR RTDO

COMMERCE FOR OIM TASK FORCE ON NEAR EAST TRADE

E.O. 11652: N/A

TAGS: BEXP, BMEP, IZ

SUBJECT: EXPORT OPPORTUNITIES IN IRAQ

REF: STATE 40537 AND 52063; BAGHDAD 23

1. SUMMARY: A RAPIDLY EXPANDING MARKET FOR U.S. EXPORTS EXISTS IN IRAQ DESPITE POLITICAL DIFFERENCES. U.S. FIRMS ARE ALREADY ENGAGED IN PRIORITY PROJECTS AND BAATH PARTY HAS GIVEN SEAL OF APPROVAL TO DEALINGS WITH WEST. U.S. EXPORTS INCREASED 140 PERCENT IN 1973 TO 56 MILLION DOLS. OIL REVENUE FOR 1974 IS CONSERVATIVELY ESTIMATED BY PIW AT 5.8 BILLION DOLS. (IRAQ NOW OWNS 80 PERCENT OF ITS EXPANDING 2.1 MILLION B/D PRODUCTION CAPACITY). FY 75 BUDGET EXPENDITURES ARE ESTIMATED AT 10 BILLION DOLS., ALMOST TRIPLE LAST YEAR, INCLUDING INVESTMENT BUDGET OF 4 BILLION DOLS. AMERICAN BUSINESSMEN NOW RECEIVING WARM WELCOME AND USINT BADLY IN NEED OF ECON/COMMERCIAL OFFICER TO EXPLOIT NEW OPPORTUNITIES. END SUMMARY

2. FOLLOWING IS BASED ON SCANTY INFORMATION RELEASED THUS FAR ON FY 75 (APRIL 1 - MARCH 31) INVESTMENT BUDGET AND MAJOR PROJECTS GOI HOPES TO IMPLEMENT. ONLY PROJECTS FOR WHICH CONTRACTS NOT YET SIGNED ARE INCLUDED.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BAGHDA 00210 121241Z

3. AGRICULTURAL SECTOR - 646 MILLION DOLS., OF WHICH ESTIMATED

2/3 IS FOR LARGE IRRIGATION AND FLOOD CONTROL PROJECTS THROUGHOUT COUNTRY. ALSO IBRD 90 MILLION DOLS. GRAIN SILO PROJECT.

4. INDUSTRIAL SECTOR - 765 MILLION DOLS. OF WHICH 270 MILLION FOR RURAL ELECTRIFICATION AND FOLLOWING MAJOR PROJECTS: ETHYLENE PLANT OF 120,000 TONS PER YEAR (TENDER IN MAY); LPG PLANT OF 4 MTA PRODUCTION (400 MILLION DOLS.); UREA FERTILIZER PLANT WITH 2 MILLION TON ANNUAL PRODUCTION; REFINERY WITH ANNUAL CAPACITY OF 10 MILLION TONS (400 MILLION DOLS); ALUMINUM SMELTER WITH 200,000 TONS ANNUAL PRODUCTION; WET PROCESS CEMENT FACTORY OF 2 MILLION TONS ANNUAL PRODUCTION; DRY PROCESS CEMENT FACTORY OF 1 MILLION TON ANNUAL PRODUCTION; TWO TEXTILE PLANTS; TWO WOOL KNITTING PLANTS; SUGAR MILL; AMARA PAPER MILL; PETROCHEMICAL PLANT AT ZUBAIR (100 MILLION DOLS); DOUBLING OF CAPACITY OF BASRA REFINERY TO 7 MTA; AND LNG PLANT (PLANNING STAGE).

5. TRANSPORT AND COMMUNICATIONS - 408 MILLION DOLS., OF WHICH 45 MILLION FOR NEW ROADS; CONSTRUCTION OF 135 KM HUSAIBA-AKASHAT RAILROAD AND 404 KM RAILWAY FROM BAGHDAD TO ABOU KAMAL ON SYRIAN BORDER (ACCORD SIGNED WITH SYRIA APRIL 1, 1974. ALSO INCLUDED IS PURCHASE OF RAILWAY ROLLING STOCK, 17.5 TON TRUCKS AND PASSENGER A/C. MAJOR NEW RADIO-TV BROADCASTING COMPLEX IS ALSO PLANNED.

6. BUILDING AND SERVICES - 595 MILLION DOLS., INCLUDING 21 NEW HOSPITALS WITH EQUIPMENT AND EXPANSION OF 32 EXISTING ONES AT COST OF 65 MILLION DOLS; 100 MILLION DOLS. FOR NEW GOVT BUILDINGS; AND 80 MILLION DOLS. FOR PUBLIC HOUSING AND CONSTRUCTION OF 1,313 PRIMARY AND 237 SECONDARY SCHOOLS.

7. REMAINDER OF INVESTMENT BUDGET IS FOR SUPPLEMENTAL APPROPRIATION OF 100 MILLION DOLS. FOR KURDISTAN AND LOANS TO GOVERNMENT DEPARTMENTS AND ORGANIZATIONS (E.G. INOC; NATIONAL MINERALS COMPANY; AGRICULTURAL BANK AND PTT). INOC HAS PLANS FOR MAJOR EXPLORATION PROGRAM AND WILL BE NEGOTIATING SERVICE CONTRACTS WITH FOREIGN COMPANIES WITHIN NEXT TWO MONTHS BASED ON BIDS SUBMITTED MARCH 31 (BAGHDAD 166).

8. THERE IS GOOD REASON TO BELIEVE U.S. FIRMS CAN OBTAIN SUBSTANTIAL SHARE OF IMPORTS REQUIRED FOR THIS AMBITIOUS INVESTMENT PROGRAM.
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 BAGHDA 00210 121241Z

POLITICAL DIFFERENCES BETWEEN U.S. AND IRAQ REMAIN BUT POLITICAL REPORT OF 8TH BAATH PARTY CONFERENCE HELD JANUARY 8 - 12, 1974 MADE CLEAR THAT IRAQ WILL RELY ON ALL COUNTRIES TO ACHIEVE ITS OBJECTIVES. IN SPEAKING OF RELATIONS WITH WESTERN STATES, REPORT SAID "OUR ENMITY TOWARDS IMPERIALIST STATES AND OUR STRUGGLE AGAINST THEM MUST NOT PREVENT US FROM DEALING WITH THEM IN SPECIFIC FIELDS", AND "OUR INDEPENDENT POSITION, NATIONAL INTEREST, REQUIREMENTS OF THE MODERN AGE, AND OUR FAITH IN MERIT OF ESTABLISHING NORMAL

RELATIONS WITH ALL STATES AND PEOPLES REQUIRE US TO ESTABLISH GOOD RELATIONS IN ALL POSSIBLE FIELDS WITH WESTERN COUNTRIES". IT IS NO COINCIDENCE THAT WELCOME RECEIVED BY VISITING AMERICAN BUSINESSMEN HAS MARKEDLY IMPROVED SINCE JANUARY PARTY CONFERENCE. U.S. FIRMS ARE ALREADY CARRYING OUT TWO OF IRAQ'S MOST PRESTIGIOUS AND IMPORTANT PROJECTS: REEQUIPMENT OF IRAQI AIRWAYS AND CONSTRUCTION OF 80 MTA DEEP SEA OIL TERMINAL.

9. BASED ON EXPERIENCE OF LAST SIX MONTHS IRAQI AUTHORITIES NOW APPEAR TO BE PLACING IMPORTANCE ON FOLLOWING FIVE FACTORS IN NEGOTIATING NEW CONTRACTS. IN ORDER OF PRIORITY THEY ARE: (1) DELIVERY TIME OR COMPLETION DATE; (2) QUALITY OF EQUIPMENT; (3) LUMP SUM, TURNKEY CONTRACTS WHICH INCLUDE TRAINING AND OPERATION AND MANAGEMENT FOR SPECIFIED PERIOD; (4) FINANCING AND OTHER CONTRACTUAL CONDITIONS; AND (5) NATIONALITY OF FIRM. SPEED CLEARLY HAS HIGHEST PRIORITY AND BID DEADLINES ARE GROWING SHORTER. HOWEVER, STRONG SHOW OF INTEREST IS USUALLY SUFFICIENT TO OBTAIN AN EXTENSION. ALSO TO SPEED THINGS UP TENDERS ARE BEING SENT DIRECTLY TO KNOWN FIRMS RATHER THAN MADE PUBLIC. HOWEVER, COPY OF TENDER DOCUMENT NORMALLY OBTAINABLE UPON REQUEST. PROBLEM IS TO FIND OUT ABOUT TENDER EARLY.

100. FOR USDOC AND RTDO BEIRUT: BELIEVE IT WOULD BE USEFUL TO PUBLISH INFO IN PARAS 1 - 9 FOR AMERICAN BUSINESS COMMUNITY.

11. FOR DEPT: AS DEPT IS AWARE (BAGHDAD 23) USINT IS BADLY IN NEED OF FULL TIME ECON/COMMERCIAL OFFICER TO EXPLOIT AVAILABLE OPPORTUNITIES. DURING FIRST THREE MONTHS OF 1974, PRINCIPAL OFFICER BRIEFED 45 AMERICAN BUSINESSMEN, BUT WITHOUT FULL TIME E/C OFFICER USINT IS UNABLE TO DEVELOP DETAILED INFORMATION FOR MAJOR EXPORT PROJECTS PROGRAM AS REQUESTED IN CA-9633 OF NOVEMBER 21, 1973 OR TO COMPLETE BASIC COMMERCIAL DATA (TRENDS REPORT: DOING BUSINESS IN IRAQ) FOR AMERICAN UNCLASSIFIED

UNCLASSIFIED

PAGE 04 BAGHDA 00210 121241Z

BUSINESSMEN. REQUESTS SUCH AS STATE 53993 FOR DETAILED DTA ON INVESTMENT CLIMATE AND STATISTICS HAVE GONE UNANSWERED BECAUSE OF PRESS OF OTHER DUTIES. WHILE FULLY RECOGNIZING THAT SIMILAR BOOM CONDITIONS EXIST IN NEIGHBORING COUNTRIES, I STRONGLY BELIEVE THAT OPPORTUNITIES AVAILABLE HERE AND PROVEN COMMERCIAL RECEPTIVITY OF GOI SHOULD PLACE BAGHDAD HIGH ON DEPARTMENT PRIORITY LIST FOR NEW E/C OFFICER POSITION. WITH IRAQ'S RECENT RESUMPTION OF DIPLOMATIC RELATIONS WITH FRG AND UK, ALL EUROPEAN POWERS ARE NOW REPRESENTED BY EMBASSIES, AND COMMERCIAL COMPETITION WILL BE INCREASINGLY TOUGH. FRENCH, WEST GERMANS AND BRITISH ALL HAVE FULLY STAFFED COMMERCIAL OFFICES.

12. IF THERE IS LITTLE POSSIBILITY OF ASSIGNING E/C OFFICER TO BAGHDAD BY THIS SUMMER AT LATEST, I REITERATE SUGGESTION MADE LAST FALL THAT USDOC COMMERCIAL SPECIALIST COME ON TDY FOR SEVETTA

MONTHS TO ASSIST IN GATHERING DATA AND DRAFTING BASIC
COMMERCIAL REPORTS REFERRED TO IN PARA 11.
LOWRIE

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 10 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974BAGHDA00210
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740085-0269
From: BAGHDAD
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740453/aaaabwak.tel
Line Count: 172
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: STATE 40537 AND 52063; BAGHDAD 23
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 13 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 MAY 2002 by bryansd0>; APPROVED <19 DEC 2002 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EXPORT OPPORTUNITIES IN IRAQ
TAGS: BEXP, IZ
To: STATE BEIRUT
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005